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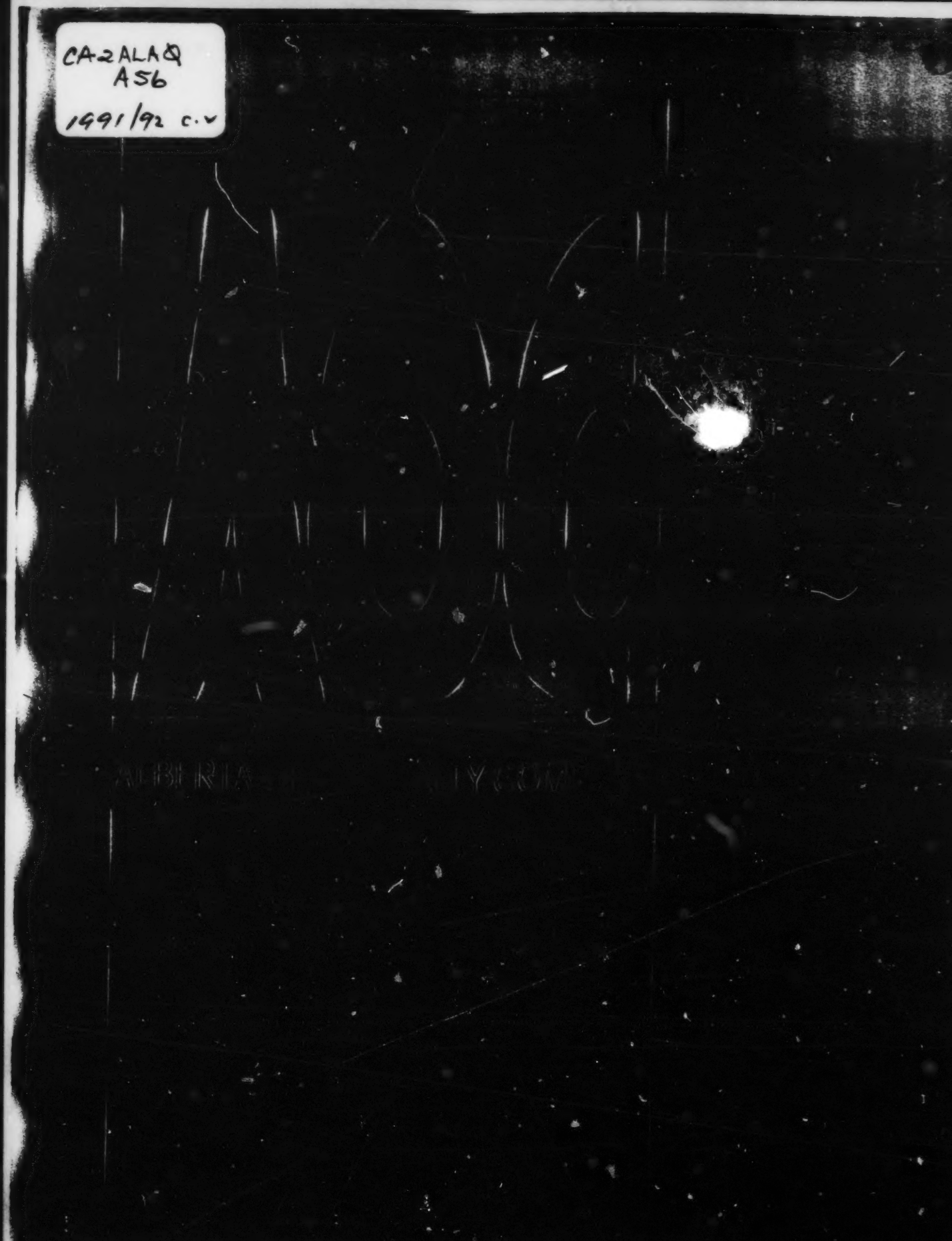

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REPORT FROM THE DIRECTORS

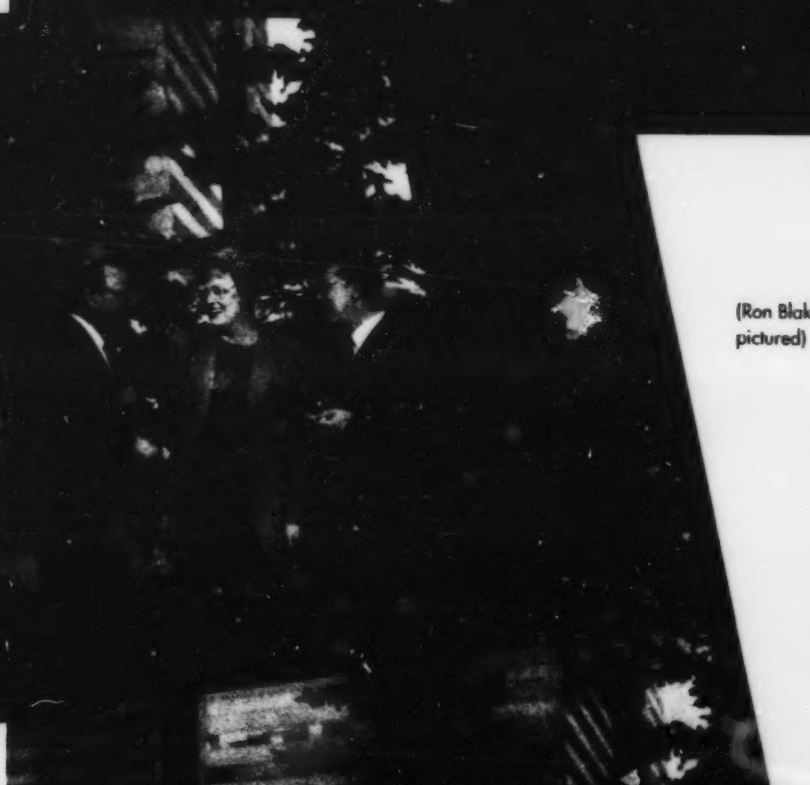
Business is indeed alive and well in Alberta! Despite a sluggish economy in fiscal year 1992, Alberta Opportunity Company continued to meet a demand for an alternate source of financing for enterprises across the province.

This year, more than ever, it was demonstrated that there is clearly a need for an organization such as AOC dedicated to assisting businesses who have the ability to succeed, but cannot access the funds they need to realize their dreams. Determined to capitalize on their business ideas, more than 9,000 entrepreneurs were undaunted by recessionary times and enquired about our financial services. Their enthusiasm continued to be the driving force behind all of our activities.

In total, AOC's Lending Division received 960 applications for more than $106 million in business financing. Altogether, 322 loans were approved, for a total allocation of $27.3 million. The Bank of Canada rate moved steadily downward during fiscal 1992, allowing AOC to reduce its rate accordingly. Our base lending rate moved from 11 per cent at the beginning of the year, to 8.5 per cent by year end.

Our loan authorizations were down 18 per cent from the previous fiscal year, while the amount of money disbursed dropped by almost 14 per cent. Given the existing business climate and the caution of most prudent business people at present, the decline in our lending portfolio was not viewed as adverse.

AOC loans continued to assist an extremely diverse group of energetic entrepreneurs intent on tackling an assortment of ventures ranging from retail outlets to manufacturing. Of the loans authorized by AOC in 1991-92, 172 were directed towards expansion activities, 81 were applied to establishing new businesses, and 69 were aimed at purchasing existing operations. Our 12 branch offices enabled us to effectively meet the needs of entrepreneurs across the province by providing accessible services.



(Ron Blake not pictured)

Through our Venture and Seed Funding Divisions, AOC maintained its commitment to advancing technological development in Alberta. Our equity investments are aimed at innovative companies with excellent potential to turn their leading-edge ideas into thriving enterprises.

During fiscal year 1992, we received a total of 257 enquiries from entrepreneurs seeking backing for product development, manufacturing support, expansion activities and marketing initiatives. Four Venture Funding investments totalling $1.3 million were made to existing clients, providing them with crucial support for continuing with their endeavours. In the area of Seed Funding, we injected $795,000 in seven companies dedicated to implementing technology to create unique and leading-edge products.

As a responsible financing institution, AOC remains committed to providing entrepreneurs with the best opportunity possible to succeed. Last year, our consulting services branch provided 280 clients with guidance on a variety of business issues in an effort to encourage solid management practices.

Our commitment to helping Albertans achieve their goals was further satisfied through our conference and seminar programs. More than 760 seasoned and up-and-coming entrepreneurs participated in educational activities organized by AOC's new Corporate Marketing Division.

Our fifth annual Entrepreneurs Conference in Calgary attracted over 350 participants, while 29 business owners participated in a one-day regional event in Fort McMurray. A highlight of last year was the launch of our Enterprise Seminar series, developed to fulfil a need for practical business education in the smaller centres of Alberta. Altogether, 387 people participated in evening sessions held in 14 communities across the province. Along with providing entrepreneurs with valuable information, these programs also proved worthwhile in terms of increasing awareness of AOC and its services.

While AOC's realm of activities has expanded since its inception in 1972, our mandate continues to be that of fostering entrepreneurship in Alberta. We have provided more than 6,100 businesses with vital financial assistance and thousands of keen individuals with the crucial knowledge they need to fulfil their own ambitions.

In the upcoming fiscal year, AOC will continue to take a pro-active approach to contributing to the development of small business in our province. By energetically seeking opportunities to offer critical support to resourceful entrepreneurs, we can effectively play a key role in diversifying and strengthening our economy.

ALBERTA OPPORTUNITY COMPANY FINANCIAL STATEMENTS MARCH 31, 1992

Auditor's Report

Balance Sheet

Statement of Revenue and Expense

Statement of Changes in Financial Position

Notes to the Financial Statements

AUDITOR'S REPORT

ALBERTA LEGISLATURE

OFFICE OF THE AUDITOR GENERAL

To the Board of Directors of the
Alberta Opportunity Company

I have audited the balance sheet of the Alberta Opportunity Company as at March 31, 1992 and the statements of revenue and expense and changes in financial position for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Donald D. Salmon

FCA

Auditor General

Edmonton, Alberta

May 8, 1992

BALANCE SHEET
MARCH 31, 1992
(in thousands)

	1992	1991
ASSETS		
Cash	$ 9,864	$ 8,524
Accounts receivable	143	230
Property held for sale (Note 3)	1,762	1,335
Loans receivable (Note 4)	114,378	125,758
Venture investments (Note 5)	3,287	5,478
Seed investments (Note 6)	952	766
Capital assets (Note 7)	523	682
	$130,909	$142,773
LIABILITIES AND ACCUMULATED DEFICIT		
Accounts payable and accrued expenses	$ 1,151	$ 1,591
Bank guarantees called	1,575	1,615
Subordinated notes payable (Note 8)	20,315	25,718
Long-term debt (Note 9)	141,791	150,095
	164,832	179,019
Accumulated deficit (Note 10)	(33,923)	(36,246)
	$130,909	$142,773

The accompanying notes are part of these financial statements.

Accepted on behalf of the Board:

Chairman

President and CEO

STATEMENT OF REVENUE AND EXPENSE
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands)

	1992	1991
REVENUE:		
Interest	$ 16,937	$ 17,316
Conference income	188	222
Grant from the Province of Alberta for the assistance of small business	16,041	26,450
	33,166	43,988
EXPENSE:		
Interest	15,434	16,038
Operations (Note 11)	9,021	9,411
Provision for doubtful accounts and loss on realization (Note 12)	6,193	12,316
Loss on property held for sale (Note 13)	195	438
	30,843	38,203
Net income for the year	$ 2,323	$ 5,785

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1992
(in thousands)

	1992	1991
Cash provided by (used for):		
OPERATIONS		
Net income for the year	$ 2,323	$ 5,785
Non-cash items:		
Provision for doubtful accounts and loss on realization	6,193	12,316
Amortization	170	178
Loss on property	76	172
Bad debt recoveries	477	607
Property held for sale:		
Acquisitions	(1,287)	(738)
Disposals	682	2,560
Loans receivable:		
Disbursed	(28,162)	(32,668)
Repaid	37,307	24,463
Venture investments:		
Disbursed	(2,073)	(8,567)
Repaid	781	98
Seed investments:		
Disbursed	(1,153)	(1,868)
Repaid	117	10
Other	(404)	495
	15,047	2,843
FINANCING		
Subordinated notes:		
Issued	3,500	18,000
Repaid	(8,903)	(13,013)
Long-term debt:		
Issued	23,000	28,000
Repaid	(31,304)	(34,598)
	(13,707)	(1,611)
Increase during the year	1,340	1,232
Cash at beginning of year	8,524	7,292
Cash at end of year	$ 9,864	$ 8,524

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1992

NOTE 1 AUTHORITY

The Alberta Opportunity Company operates under the authority of the Alberta Opportunity Fund Act, Chapter A-34, Revised Statutes of Alberta 1980, as amended.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Property held for sale:

Property held for sale is valued at the lower of cost or net realizable value. Provision for loss on realization is determined following a review of properties.

Loans receivable:

Loans are stated net of unearned revenue and allowance for doubtful accounts.

The provision for doubtful accounts is determined following a detailed review of the accounts and is based on the Company's historical experience.

Interest income is recorded on the accrual basis until such time as the loan is classified as non-accrual. Interest on non-accrual loans is recognized as revenue when received.

Venture investments:

Venture investments are recorded at cost less an allowance for loss on realization.

Provision for loss on realization of venture investments is determined following a detailed review of the investments and specific provisions are made for those investments known to be in difficulty. A general provision of 25% of the balance of the portfolio is also recognized.

Interest and dividends on venture investments are recorded as income when received.

Seed investments:

Seed investments are recorded at cost less an allowance for loss on realization.

Provision for loss on realization of seed investments is determined following a detailed review of the investments and specific provisions are made for those investments known to be in difficulty. A general provision of 50% of the balance of the portfolio is also recognized.

Interest and dividends on seed investments are recorded as income when received.

Capital assets:

Equipment is valued at cost less accumulated amortization. Amortization is calculated on a straight line basis at rates of 15% and 20% per annum.

Leasehold improvements are valued at cost less accumulated amortization. Amortization is calculated over the remaining term of each lease.

Grant from the Province of Alberta for the assistance of small business:

The Province of Alberta maintains the financial viability of the Company by granting money appropriated for this purpose. The grant from the Province of Alberta is recorded as revenue in the year for which it is approved.

NOTE 3 PROPERTY HELD FOR SALE (in thousands)

	1992	1991
Cost	$ 2,298	$ 3,648
Less: Allowance for loss on realization (Note 12)	536	2,313
	$ 1,762	$ 1,335

NOTE 4 LOANS RECEIVABLE (in thousands)

	1992	1991
Loans and accrued interest receivable	$ 127,087	$ 138,196
Less: Allowance for doubtful accounts (Note 12)	12,709	12,438
	$ 114,378	$ 125,758

NOTE 5 VENTURE INVESTMENTS (in thousands)

	1992	1991
Convertible debentures	$ 837	$ 537
Preferred shares	1,610	4,793
Common shares	9,470	8,555
Shareholder loans	1,024	733
	12,941	14,618
Less: Allowance for loss on realization (Note 12)	9,654	9,140
	$ 3,287	$ 5,478

NOTE 6 SEED INVESTMENTS (in thousands)

	1992	1991
Convertible debentures	$ 103	$ -
Preferred shares	659	780
Common shares	1,941	1,445
Shareholder loans	130	80
	2,833	2,305
Less: Allowance for loss on realization (Note 12)	1,881	1,539
	$ 952	$ 766

NOTE 7 CAPITAL ASSETS (in thousands)

	Equipment	Leasehold improvements	1992	1991
Cost	$ 1,375	$ 223	$ 1,598	$ 1,587
Less: Accumulated amortization	906	169	1,075	905
	$ 469	$ 54	$ 523	$ 682

NOTE 8 SUBORDINATED NOTES PAYABLE

Financing made available by the General Revenue Fund of the Province of Alberta in support of the Company's venture investments and seed investments is provided on issue of subordinated notes payable. The notes rank subordinate to all monies advanced to the Company secured by debentures issued to the Alberta Heritage Savings Trust Fund. Repayment terms of the notes require repayment of the principal sum without interest on the disposition of an investment or on demand by the Province. Negotiations are being pursued which will provide the Province with a sharing in gains on disposition of an investment following elimination of the Company's accumulated deficit.

NOTE 9 LONG-TERM DEBT (in thousands)

The following debenture debt series comprise debentures issued in varying amounts, rates of interest and maturity dates to the Province of Alberta and held by the Alberta Heritage Savings Trust Fund:

	Issued	Interest rates	Maturity dates	Balance outstanding
Series C	$ 58,000	9.50% to 11.00%	September 30, 1992 to February 28, 1994	$ 13,600
Series D	50,000	11.28%	March 31, 1997	36,134
Series E	107,500	9.28% to 11.67%	March 31, 1997 to March 30, 2000	92,057
	$ 215,500			$ 141,791

Principal repayments are scheduled as follows:
for the year ending March 31,

1993	$ 28,229	1997	$ 25,298
1994	20,467	1998	12,283
1995	20,509	1999	8,363
1996	22,777	2000	3,865
			$ 141,791

NOTE 10 ACCUMULATED DEFICIT (in thousands)

	1992	1991
Balance, beginning of year	$ (36,246)	$ (42,031)
Net income for the year	2,323	5,785
Balance, end of year	$ (33,923)	$ (36,246)

NOTE 11 OPERATIONS (in thousands)

	Loans	Venture	Seed	Corporate marketing	1992	1991
Salaries and benefits	$ 5,266	$ 490	$ 296	$ 170	$ 6,222	$ 6,117
Board of Directors fees	123	12	7	4	146	135
Legal and other fees	160	232	18	-	410	830
Communications	344	70	37	227	678	925
Other operating	1,116	333	56	60	1,565	1,404
	$ 7,009	$ 1,137	$ 414	$ 461	$ 9,021	$ 9,411

NOTE 12 PROVISION FOR DOUBTFUL ACCOUNTS AND LOSS ON REALIZATION (in thousands)

	Property held for sale	Loans receivable	Venture investments	Seed investments	1992	1991
Allowance, beginning of year	$ 2,313	$ 12,438	$ 9,140	$ 1,539	$ 25,430	$ 26,562
Provision	102	1,808	3,433	850	6,193	12,316
Bad debt recoveries	-	427	50	-	477	607
Accounts written off	-	(1,964)	(2,969)	(508)	(5,441)	(13,405)
Reversal on sale	(1,879)	-	-	-	(1,879)	(650)
Allowance, end of year	$ 536	$ 12,709	$ 9,654	$ 1,881	$ 24,780	$ 25,430

NOTE 13 LOSS ON PROPERTY HELD FOR SALE (in thousands)

The loss represents the net operating results and disposals on businesses and properties being managed until sold. These were acquired from borrowers whose businesses defaulted on loans.

	Operating results	Disposals	1992	1991
Revenue/sale proceeds	$ 38	$ 682	$ 720	$2,936
Expenses/net book value	157	758	915	3,374
Net (loss) for the year	$ (119)	$ (76)	$ (195)	$ (438)

NOTE 14 CONTINGENT LIABILITIES (in thousands)

Guarantees of bank loans:

The Company is contingently liable as a guarantor of bank loans aggregating $1,328 ($1,120 -1991).

Legal actions:

There are four claims totalling approximately $3,625 (five claims totalling approximately $2,350 - 1991) against the Company. The Company considers that a valid defense exists in each instance and no material loss is anticipated.

NOTE 15 COMMITMENTS (in thousands)

Authorizations undisbursed:

	1992	1991
Loans	$ 6,738	$ 8,121
Guarantees	150	250
Venture investments	2	1,668
Seed investments	348	320
	$ 7,238	$ 10,359

NOTE 16 COMPARATIVE FIGURES

The 1991 figures have been reclassified where necessary to conform to 1992 presentation.

	LOANS & GUARANTEES		VENTURE		SEED	
	#	$	#	$	#	$
Applications Received	960	106,181,000	61	40,502,300	60	9,512,000
Authorizations Made	322	27,324,200	4	1,329,600	7	795,000
AUTHORIZATIONS BY SIZE						
50,000 & Under	174	3,470,800			2	45,000
50,001 to 100,000	74	5,682,300			2	200,000
100,001 to 200,000	44	6,510,600	2	252,300	2	300,000
200,001 to 500,000	24	6,598,800	1	500,000	1	250,000
Over 500,000	6	5,061,700	1	577,300		
AUTHORIZATIONS BY PURPOSE						
Establish New Business	81	3,611,100				
Expand Existing Business	172	18,012,800	4	1,329,600	7	795,000
Purchase Existing Business	69	5,700,300				
AUTHORIZATIONS BY REGION						
Northern Alberta	72	6,984,600				
Central Alberta	54	7,001,100			1	250,000
Southern Alberta	78	6,811,400				
Edmonton	61	3,399,100	2	704,600	5	395,000
Calgary	57	3,128,000	2	625,000	1	150,000

LOANS, GUARANTEES & EQUITY INVESTMENTS

AUTHORIZATIONS TO MARCH 31, 1992

	1992		1991		1990		1989	
	#	$	#	$	#	$	#	$
Applications Received	**1081**	**156,195,300**	1139	205,675,900	1113	284,458,300	995	126,605,300
Authorizations Made	**333**	**29,448,800**	412	34,484,800	428	46,186,800	347	34,518,100
Average Amount		**88,400**		83,700		107,900		99,500
Median Amount		**45,800**		45,000		49,300		42,800
AUTHORIZATIONS BY SIZE								
50,000 & Under	**176**	**3,515,800**	230	4,845,000	217	4,795,800	195	4,116,100
50,001 to 100,000	**76**	**5,882,300**	88	6,716,600	90	6,609,900	53	4,022,600
100,001 to 200,000	**48**	**7,062,900**	56	8,126,300	75	11,200,100	61	8,749,200
200,001 to 500,000	**26**	**7,348,800**	31	8,616,900	32	9,228,000	25	7,505,200
Over 500,000	**7**	**5,639,000**	7	6,180,000	14	14,353,000	13	10,125,000
AUTHORIZATIONS BY PURPOSE								
Establish New Business	**81**	**3,611,100**	95	5,052,400	89	4,141,700	79	3,049,000
Expand Existing Business	**183**	**20,137,400**	231	20,114,000	256	33,274,000	209	25,562,700
Purchase Existing Business	**69**	**5,700,300**	86	9,318,400	83	8,771,100	59	5,906,400
AUTHORIZATIONS BY REGION								
Northern Alberta	**72**	**6,984,600**	103	10,396,700	122	11,360,400	91	9,093,300
Central Alberta	**55**	**7,251,100**	79	7,692,800	71	6,875,600	71	5,094,100
Southern Alberta	**78**	**6,811,400**	86	5,476,200	76	7,139,400	59	4,304,200
Edmonton	**68**	**4,498,700**	69	5,485,300	61	11,795,000	64	9,075,500
Calgary	**60**	**3,903,000**	75	5,433,800	98	9,016,400	62	6,951,000

TOTAL AUTHORIZATIONS BY REGION (TO MARCH 31, 1992)

REGION	#	$
Northern Alberta	1571	171,014,200
Central Alberta	1234	132,283,400
Southern Alberta	1411	136,298,000
Edmonton	892	93,084,900
Calgary	1033	99,368,500

HEAD OFFICE

President & CEO
Roy W. Parker

Vice-President, Lending
J. R. Anderson

Assistant Vice-President, Lending
J. W. Blair

Assistant Vice-President, Lending
B. W. E. Conroy

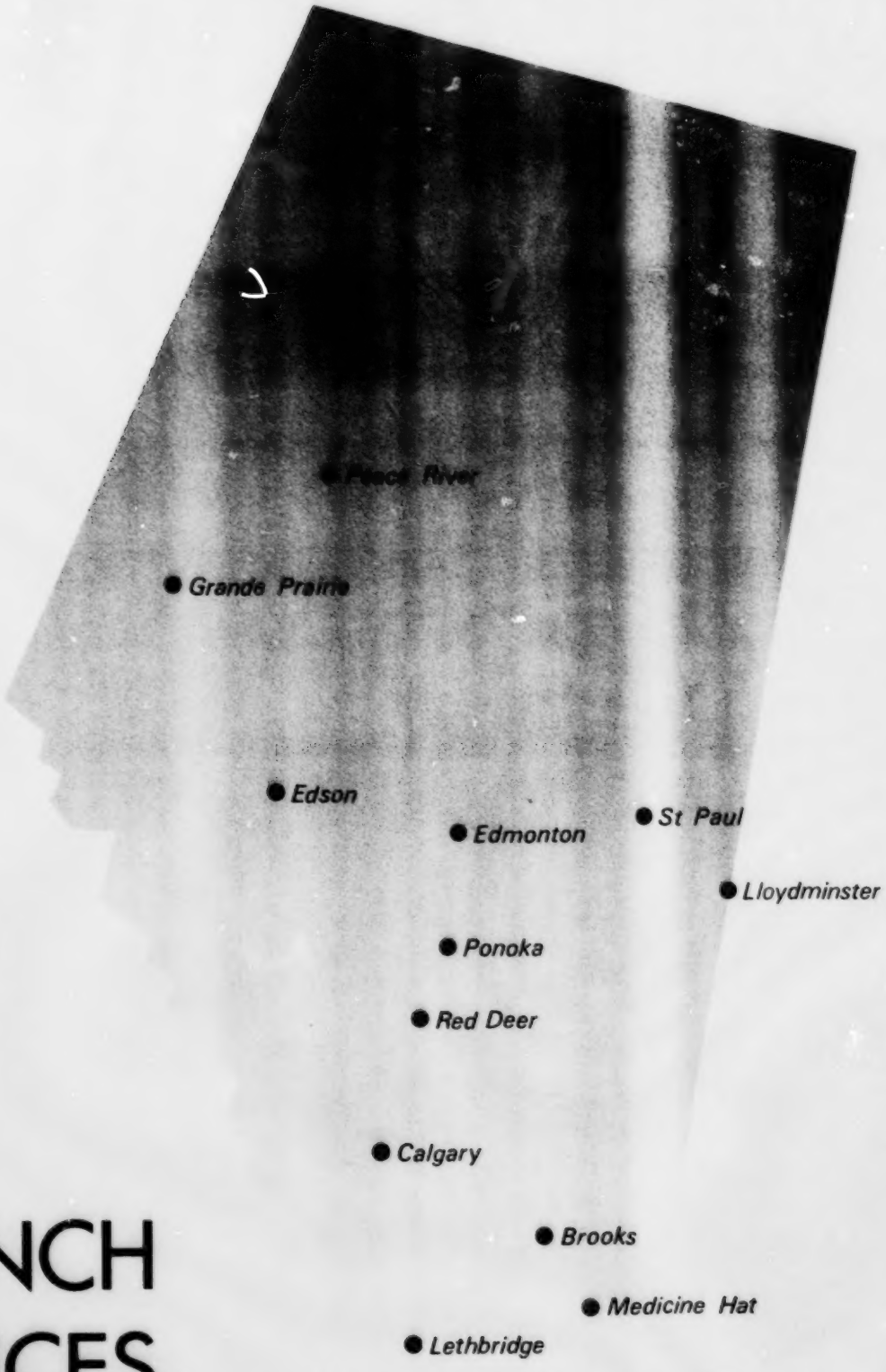
Assistant Vice-President, Lending
J. D. Kennedy

Vice-President, Seed & Venture Funding
A. L. Datoo

Vice-President, Support Services
D. E. Trenerry

Vice-President, Finance
J. D. Gill

Director, Corporate Marketing
Balan Mathews



BRANCH OFFICES

LENDING DIVISION

BROOKS
Brooks School District Office
408 - 1st Street West
P.O. Box 307 T1R 0G1
Telephone: (403)362-1270
Manager: B.F. Haffner

CALGARY
Suite 790
10655 Southport Road, S.W.
T2W 4Y1
Telephone: (403)297-6437
Manager: J.D. Ablett

EDMONTON
1275 Weber Centre
5555 Calgary Trail T6H 5P9
Telephone: (403)427-2140
Manager: A.M. Foulston

EDSON
4924 - 1st Avenue
P.O. Box 7110 T7E 1V4
Telephone: (403)723-8233
Resident Commercial Credit
Officer: A. Kuechle

GRANDE PRAIRIE
#211 Schubert Building
10006 - 101 Avenue T8V 0Y1
Telephone: (403)538-5220
Manager: K.B. Sutherland

LETHBRIDGE
Suite 301
714 - 5 Avenue S. T1J 0V1
Telephone: (403)381-5474
Manager: R.A. Fredrickson

LLOYDMINSTER
5019 - 50 Street T9V 0L9
Telephone: (403)871-6490
Resident Commercial Credit
Officer: B.D. Hooper

MEDICINE HAT
Fifth Avenue Plaza
#1, 202-5th Ave. S.E. T1A 2P8
Telephone: (403)529-3594
Manager: G.J. Pollock

LENDING DIVISION

PEACE RIVER
9809 - 98 Avenue T8S 1J5
Telephone: (403)624-6387
Manager: H.M. Caveny

PONOKA
5110 - 49 Avenue
P.O. Box 4040 T4J 1R5
Telephone: (403)783-7011
Manager: G.D. Noe

RED DEER
#401 Parkland Square Bldg.
4901 - 48 Street T4N 6M4
Telephone: (403)340-5551
Manager: E.B. Shmyr

ST. PAUL
Suite 200, 4341 - 50 Avenue
P.O. Box 105 T0A 3A3
Telephone: (403)645-6356
Manager: A.L. Tessier

SEED & VENTURE FUNDING DIVISION

CALGARY
Suite 790
10655 Southport Road, S.W.
T2W 4Y1
Telephone: (403)297-6437
Manager: R.A. Roy

EDMONTON
1405 Canada Trust Tower
10104 - 103 Avenue T5J 0H8
Telephone: (403)427-4037
Vice-President: A.L. Datoo

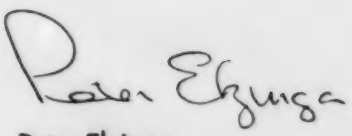
CORPORATE MARKETING DIVISION

1275 Weber Centre
5555 Calgary Trail
Edmonton, T6H 5P9
Telephone: (403)422-9290
1-800-661-3811
Director: Balan Mathews

ALBERTA OPPORTUNITY FUND ACT

"There is hereby established a fund under the name of the Alberta Opportunity Fund, the total amount of which shall not exceed $300,000,000 and which shall be held and administered by the Company with the object of promoting the development of resources and the general growth and diversification of the economy of Alberta. The Board has the direction and control over the conduct and affairs of the Company."

Alberta Opportunity Company reports to the legislature through the Minister of Economic Development and Trade.



Peter Elzinga